

## Message Text

LIMITED OFFICIAL USE

PAGE 01 BRUSSE 01364 231752Z

ACTION EUR-12

INFO OCT-01 ISO-00 OPIC-03 INT-05 EB-08 AID-05 CEA-01

CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 SP-02

STR-06 TRSE-00 LAB-04 SIL-01 OMB-01 AF-10 ARA-10

EA-10 NEA-10 IO-13 /112 W

-----109481 240219Z /70

R 231747Z JAN 78

FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC 4428

LIMITED OFFICIAL USE BRUSSELS 01364

USEEC

PASS TO OPIC

E.O. 11652: N/A

TAGS: EEC, OPIC, EFIN, EIND

SUBJECT: US/EC TALKS ON MINING RISK INSURANCE

1. OPIC VICE PRESIDENT CARYL COLE MET WITH EC COMMISSIONER DAVIGNON AND EC STAFF OFFICIALS JANUARY 19-20 TO DISCUSS STATUS OF EC INVESTMENT INSURANCE PLANS AND POSSIBLE US/EC COOPERATION IN THIS FIELD.

2. EC COMMISSION IS EXPECTED TO APPROVE AT ITS JANUARY 25 MEETING A FRAMEWORK PLAN FOR INSURANCE OF MINING INVESTMENT IN DEVELOPING COUNTRIES. IF COMMISSION APPROVAL IS FORTHCOMING THE SCHEME WILL BE DISCUSSED AT THE EC COUNCIL OF MINISTERS IN MID-FEBRUARY.

3. THE EC PLAN WOULD ENDEAVOR TO BOOST THE LEVEL OF MINING INVESTMENT IN LDC'S THROUGH GENERAL AGREEMENTS ON INVESTMENT PROTECTION INVOLVING THE HOST COUNTRIES, THE INVESTORS AND THE EC. THE APPROACH WOULD ON THE LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BRUSSE 01364 231752Z

LOWEST LEVEL OF PROTECTION INVOLVE A BASIC AGREEMENT ON TREATMENT OF INVESTMENT WITHIN THE HOST COUNTRY. THE NEXT STEP WOULD PROVIDE INVESTMENT INSURANCE THROUGH PROJECT CONVENTIONS INVOLVING THE EC. THESE WOULD GENERALLY BE FOR INVESTMENTS IN WHICH THE EC HAD A SPECIAL INTEREST, E.G. RAW MATERIALS FOR EUROPEAN TRANSFORMATION INDUSTRIES. IN CASES WHERE THE HOST COUNTRY

ALREADY HAS A CLEAR AND STABLE SET OF RULES FOR FOREIGN DIRECT INVESTMENT, THERE MIGHT BE SPECIFIC PROJECT GUARANTEES OUTSIDE OF ANY GENERAL AGREEMENTS. BEYOND THIS COMMUNITY GUARANTEE THE COMMISSION PLAN WOULD SEEK TO INVOLVE INTERNATIONAL INSTITUTIONS SUCH AS THE IBRD IN THE PROJECTS AS A RISK-SHARING AND RISK-DETERRING MEASURE.

4. IT IS NOT YET CLEAR WHAT INSTITUTIONAL FORM THE EC MECHANISM WOULD HAVE. OPTIONS INCLUDE USING THE COMMISSION AS A KIND OF SECRETARIAT FOR A PROGRAM BASICALLY DESIGNED TO FILL GAPS IN MEMBER STATE PROGRAMS OR HAVING A RELATIVELY INDEPENDENT SERVICE WITHIN THE COMMISSION. TO MINIMIZE POSSIBLE OPPOSITION FROM MEMBER STATES WHICH ALREADY POSSESS INVESTMENT INSURANCE PROGRAMS - ESPECIALLY THE FRG - THE COMMISSION INTENDS ITS PLAN TO BE MORE OF A GENERAL POLITICAL STATEMENT THAN A BLUEPRINT. THE COMMISSION DOES NOT YET KNOW WHETHER THE PLAN WILL BE LIMITED TO REINSURANCE OR INCLUDE PRIMARY INSURANCE BUT STAFF MEMBERS BELIEVE THAT MORE THAN REINSURANCE IS NECESSARY SINCE NOT ALL MEMBER STATES HAVE INSURANCE PROGRAMS.

5. BECAUSE OF THE POLITICAL SENSITIVITY OF OIL INVESTMENT, OIL AND GAS WILL BE EXCLUDED FROM THE COMMISSION SCHEME ALTHOUGH URANIUM MINING WILL BE INCLUDED.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 BRUSSE 01364 231752Z

6. THE COMMISSION STAFF ENVISAGES THAT A MINIMUM INVESTMENT LEVEL OF 50 MILLION DOLLARS WILL QUALIFY FOR EC INVESTMENT GUARANTEES, AND THAT ONLY ONE OR TWO PROJECTS WOULD BE SELECTED PER YEAR. IT IS ESTIMATED THAT AS MUCH AS 45 PERCENT OF THE INVESTMENT COULD BE COVERED UNDER THE SCHEME.

7. UNDER THE DISPUTE SETTLEMENT MECHANISMS OF THE PLAN THE COMMISSION WOULD INTEND TO USE THE POLITICAL WEIGHT OF THE EC EARLY IN THE PROCESS IN CASES WHERE PROJECT CONVENTIONS HAD BEEN REACHED BETWEEN THE EC AND THE HOST COUNTRY. PROVISION IS ALSO MADE FOR INTERNATIONAL ARBITRATION.

8. WHILE NOTING APPARENT DIFFERENCES BETWEEN OPIC AND EC PLAN ON COVERAGE AND POLITICAL INVOLVEMENT, COLE EXPRESSED OPIC STRONG INTEREST IN FUTURE COOPERATION WITH EC IN INSURANCE OF MINING INVESTMENT RISKS, AND OFFERED TO BE OF ANY ASSISTANCE TO COMMISSION IN THE ELABORATION OF ITS PLAN.

9. DAVIGNON SAID COMMISSION WANTED TO COOPERATE WITH  
US ON THIS ISSUE AND SUGGESTED THAT EXPERT-LEVEL CONTACTS  
COULD CONTINUE IN WASHINGTON AFTER COMMISSION RECEIVED  
GO-AHEAD FROM COUNCIL TO FLESH OUT BARE BONES OF ITS  
PROPOSAL. HINTON

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptoning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** MINING, INSURANCE  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 23 jan 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978BRUSSE01364  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780034-0813  
**Format:** TEL  
**From:** BRUSSELS USEEC  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1978/newtext/t19780135/aaaabdjp.tel  
**Line Count:** 121  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** 860425e1-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION EUR  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 05 may 2005  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** N/A  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 3732795  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** US/EC TALKS ON MINING RISK INSURANCE  
**TAGS:** EFIN, EIND, EEC, OPIC  
**To:** STATE  
**Type:** TE  
**vdkvgwkey:** odbc://SAS/SAS.dbo.SAS\_Docs/860425e1-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014